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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF OREGON

In re:

SEAPORT AIRLINES, INC.,  
Debtor.

Case No. 16-30406-rld11

Adversary Proceeding Case No.:

WINGS AIRLINES SERVICES, INC.,  
Plaintiffs,  
v.  
SEAPORT AIRLINES, INC.,  
Defendant.

**COMPLAINT OBJECTING TO  
DISCHARGEABILITY OF DEBTS**

Plaintiff, through counsel, hereby objects under 11 U.S.C. § 523 to the discharge of debts owed to it by SeaPort Airlines, Inc. ("Defendant" or "Debtor"), and respectfully represent as follows:

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over this adversary proceeding under 28 U.S.C. § 1334, 11 U.S.C. § 523(a), and Bankruptcy Rule 7001. This adversary proceeding is one arising out of the Debtor filing a voluntary petition under Chapter 11 of the Bankruptcy

Code, which is case number 16-30406-rld11 pending in this Court. This is a core proceeding.

2. Venue is proper in this Court under 28 U.S.C. §§ 1408 and 1409.

### **BACKGROUND AND FACTS**

3. In April, 2008, Plaintiff entered into a series of written agreements with Defendant to sell an airline business located in Juneau, Alaska, along with the Juneau airplane hangar used by Plaintiff. This transaction included Defendant's lease (the "Aircraft Leases") of five aircraft (the "Aircraft") owned by Plaintiff. The Aircraft Leases and damage to the Aircraft are the foundation of this proceeding.

4. In April 2012, Plaintiff and Defendant amended the Aircraft Leases. The Aircraft Leases include the following Aircraft:

- a. One (1) Cessna 208B Caravan, Manufacturer's Serial No. 208B0739, FAA Registration N331AK, together with installed engine, propeller, and all parts as more particularly described in the Certificate of Acceptance executed under the Aircraft Leases;
- b. One (1) Cessna 208B Caravan, Manufacturer's Serial No. 208B0779, FAA Registration N332AK, together with installed engine, propeller, and all parts as more particularly described in the Certificate of Acceptance executed under the Aircraft Leases;
- c. One (1) Cessna 207, Manufacturer's Serial No. 20700597, FAA Registration 39AK, together with installed engine, propeller, and all

1 parts as more particularly described in the Certificate of Acceptance  
2 executed under the Aircraft Leases;

3 d. One (1) Cessna 207, Manufacturer's Serial No. 20700782, FAA  
4 Registration 96AK, together with installed engine, propeller, and all  
5 parts as more particularly described in the Certificate of Acceptance  
6 executed under the Aircraft Leases; and  
7

8 e. One (1) Cessna 206, Manufacturer's Serial No. 20604823, FAA  
9 Registration N53AK, together with installed engine, propeller, and  
10 all parts as more particularly described in the Certificate of  
11 Acceptance executed under the Aircraft Leases.  
12

13 5. Defendant has defaulted on the Aircraft Leases. The defaults as of this date  
14 include, but are not limited to: (a) failure to pay amounts owed under the Aircraft Leases,  
15 plus certain late fees and interest; (b) Defendant's filing for bankruptcy; and (c) the willful  
16 and malicious action of Defendant, which caused damage to the Aircraft and Plaintiff  
17 under the Aircraft Leases.  
18

19 6. Defendant's willful and malicious actions include, but are not limited to: (a)  
20 Defendant's allowing other third-parties to loot and scavenge the Aircraft for parts making  
21 the Aircraft useless; (b) Defendant's looting and scavenging of the Aircraft for parts  
22 making the Aircraft useless; and (c) Defendant's failure to maintain and return the Aircraft  
23 to Plaintiff, upon default, in an operational condition according to the Aircraft Leases.  
24  
25  
26

**COUNT I**

**NON-DISCHARGEABILITY OF DEBTS UNDER 11 U.S.C. § 523(A) FOR  
WILLFUL AND MALICIOUS INJURY BY DEBTOR TO PLAINTIFF**

7. Plaintiff reallege and incorporate by reference each and every statement and allegation contained in paragraphs 1 and 6 above.

8. Plaintiff and Defendant signed the Aircraft Leases, which describe Defendant's lease of the Aircraft owned by Plaintiff.

9. Defendant has defaulted on the Aircraft Leases.

10. Defendant's default is willful, without a good faith basis for believing its actions were in conformity with the law or the Aircraft Leases, and was not objectively reasonable.

11. Defendant's actions regarding the Aircraft was an intentional and wrongful act which caused injury to the Aircrafts and Plaintiff. Defendant's actions were done without just cause or excuse. Defendant's had the clear obligation under the Aircraft Leases to protect the Aircraft from being looted and scavenged and keep the Aircraft in good operational condition, but simply chose not to.

12. Defendant's failure to protect the Aircraft from being looted and scavenged and keep the Aircraft in good operational condition in accordance with the Aircraft Leases caused a willful and malicious injury to the Aircraft such that the debts owed by Defendant to the Plaintiff, including attorneys' fees and costs to which Plaintiff is entitled under the Aircraft Leases, under 11 U.S.C. § 5 523(a)(6), are not dischargeable.

WHEREFORE, Plaintiff pray for relief as follows:

- 1           1.       Enter judgment and an order denying Defendant a discharge with respect to
- 2           the debts owed Plaintiffs, including attorneys' fees and costs, under 11 U.S.C. § 523(a)(6);
- 3           2.       For an award of costs and attorneys' fees incurred in prosecuting this action;
- 4           and
- 5           3.       For such other and further relief as the Court deems just and proper.
- 6

7       DATED this 16<sup>th</sup> day of May, 2016.

8       Respectfully Submitted,

9       /s/James Sheehan

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17       Attorneys for Plaintiff Wings Airlines Services, Inc.